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5 February 1965

**DCI BRIEFING
FOR THE HOUSE APPROPRIATIONS COMMITTEE**

ECUADOR

- I. The ruling military junta in Ecuador, which has probably done as well as could be expected without a thorough-going dictatorship, has announced its gradual plan to return to constitutional government.
 - A. A year will probably be devoted to voter registration. A single document will cover functions of citizenship, e.g., draft registration, taxation, identification, and voting.
 - B. The timetable may be local elections in early 1966, and presidentials in the fall.
- II. After enjoying prosperity and economic stability, the junta may now face a decline in conditions and in business confidence.
 - A. Banana exports, generating most foreign exchange, declined during 1964 and will probably continue to do so in 1965.
 - B. The exchange rate, stable for 14 months, fell 6 percent in early January. It has

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temporarily regained, but this may not hold.

- C. Coupled with political dissatisfaction over the plan for return to elected government, the economy may prove troublesome.

III. The subversive threat has declined, but several Guayaquil extremist gangs threaten urban terrorism and robbery.

- A. On 15 December they robbed a bank of \$11,000.

B.



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- C. Chinese-line Communists, formerly the vanguard of guerrilla warfare preparations, appear to have moderated their schedule.

IV. The junta demonstrated a growing maturity in the way it handled the 29 January student demonstrations associated with the annual protest against the 1942 Rio Protocol defining the unpopular boundary with Peru.

- A. The junta, however, is seeking to improve further its security and counterinsurgency

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**forces to meet challenges which may grow
if the economic situation worsens.**

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